

STATE OF NEW YORK

# Public Service Commission

Maureen O. Helmer, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: (518) 474-7080

<http://www.dps.state.ny.us>

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## NYPSC Issues Telecom Report: Competition Intensifying

### **¾ Independent Consumer Group Hails \$220 Million Annual Savings for New York Consumers ¾**

Albany, NY – 9/20/00 – The New York State Public Service Commission today issued a staff report on the status of competition in the telecommunications industry in New York State indicating a continuing surge in customer choices throughout the state. Based on data for the calendar year 1999 submitted by market participants, competitive local exchange companies (CLECS) again doubled their share of the local telephone services market in 1999, as they did in 1998, and the trend to achieve even greater market share continues in 2000.

“The trend cited in staff’s report on competition in New York confirms, with other independent evidence on the national level, the very good news that the competitive telecommunications market here is flourishing and consumers are benefiting,” Commission Chairman Maureen O. Helmer said. “More and more New Yorkers can choose among an ever-increasing number of companies that offer pricing and services to fit their needs.”

Earlier this month, the Telecommunications Research and Action Center (TRAC) in Washington D.C. announced that New York consumers are saving about \$220 million annually as a result of the Commission’s efforts to introduce competition in the telecommunications market. Further, TRAC cited New York as a national model for becoming the first state in the country to achieve both local and long distance competition since the passage of the federal Telecommunications Act of 1996. TRAC is a nonprofit consumer organization that works to help consumers make informed decisions about their long distance options, maintaining data on national long distance residential plans and local service options.

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The Commission staff's 100-page report, *Analysis of Local Exchange Service Companies in New York State*, provides both a statewide overview of the status of competition, as well as a region-by-region overview of seven regions in the state. The report contains a number of findings, including the following.

- **Number of CLECs Continues to Increase:** The number of CLECs serving at least 1,000 local exchange lines increased from 13 at year-end 1997 to 38 at year-end 1998 to 54 at year-end 1999.
- **Dramatic Rise in CLEC Access lines:** The number of local exchange lines served by CLECs grew from 288,000 lines (2.3% of the market) at year-end 1997 to 649,000 lines (4.8% market share) at year-end 1998 to 1.469 million lines (9.8% market share) at year-end 1999. Based on data provided by Verizon (formerly Bell Atlantic-New York) for the first six months of 2000, it appears that CLECs have added yet an additional one million access lines – more than the increase for all of 1999.
- **Residential Growth:** The CLECs experienced significant growth in residential local exchange lines in 1999. By year-end, residential local exchange lines represented 32% of the CLECs' total share of local lines, a doubling from the 16% by year-end 1998. Business local exchange lines comprised 68% of the CLECs' total lines by year-end 1999, in contrast to 84% in 1998.
- **Improved Service Quality:** Service quality, as measured by customer trouble reports, has generally improved as competition has increased.
- **Facilities Investment:** CLECs increased their investment in facilities-based operations in the state in 1999 – a very positive indication of competitors' long-term commitment to New York customers. By year-end, 70% of the CLECs' customers were served through CLEC-owned facilities, in contrast to 55% at the beginning of the year. By year-end, resale as a strategy to serve customers represented 30% of CLEC operations, down from 45% at the beginning of the year.
- **Traditional Local Phone Companies Lose Market Share:** The growth in competition during 1999 translated into decreased market share for the incumbent local telephone companies (ILECs). By year-end 1999, the ILECs' share of the market stood at 90.2%, down from 95.2% in 1998 and 97.7% in 1997. While Verizon, the largest ILEC operating in the state, saw an increase in access lines from about 11.6 million in 1998 to 12.3 million in 1999, its overall market share fell from 86% in 1998 to 82% in 1999.

*Analysis of Local Exchange Service Companies in New York State* is available through the Commission's Website at <http://www.dps.state.ny.us>. Many libraries offer free Internet access. The report also can be ordered from the Commission's Files Room, 14<sup>th</sup> Floor, 3 Empire State Plaza, Albany, NY 12223 (518-474-2500).